

COMMERCE

BETWEEN THE

United States & Canada

OBSERVATIONS

ON

Reciprocity and the McKinley Tariff

ADDRESSED TO

D. M. IRWIN, ESQ., PRESIDENT OF THE BOARD OF TRADE, OSWEGO, N.Y.

BY

ROBERT H. LAWDER

TORONTO, ONT.

1892

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PRINTED BY

THE MONETARY TIMES PRINTING COMPANY. LTD., COR. CHURCH & COURT STS.,

TORONTO, ONT.

1892

Toronto, Ontario,
April 30th, 1892.

DEAR SIR,-

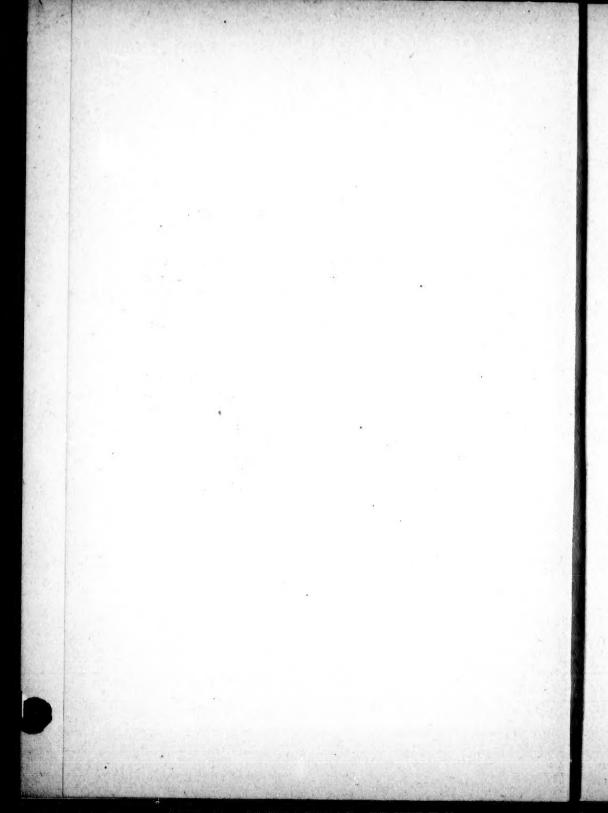
In pursuance of our correspondence on the subject, I have much pleasure in submitting the following memoranda and tables relating to the commerce between the United States and Canada, together with such observations on Reciprocity and the McKinley Tariff as are suggested by the consideration of the statistics contained in the official returns published by the Governments of both countries.

It is to be sincerely hoped that a thorough and impartial investigation of the relative position of this commerce, and a due regard to its future expansion, will enable the two Governments to agree upon some joint policy, or upon such adjustment of their respective policies, on a liberal and equitable basis, as will conduce to mutual prosperity, and to the maintenance of those amicable business relations which ought to exist between the two countries.

Yours truly,

D. M. IRWIN, Esq.,
President Board of Trade,
Oswego, N. Y.

ROBERT H. LAWDER.



Commerce Between the United States and Canada.

N investigating the subject of the commerce between the United States and Canada, and in compiling tables illustrating the relative extent and character of this trade, it is absolutely necessary to examine and utilize the official government statistics of both countries, because of the defective character of the export returns in both cases. Even in Canada, where, under its customs regulations, exporters of merchandise are required to report at nearest custom house all their exports, whether by land or water carriage, this duty is so often evaded that the Minister of Customs finds it necessary, in making up his abstract of exports from the Dominion to the United States, as published in the Trade and Navigation Returns, to make a small allowance for short returns at inland ports (The amount so allowed for year ending June 30th, 1891, was \$2,913,994). It has been found that the allowances thus made, when added to the actual entries at custom houses, form totals for each year corresponding very closely with the totals shown for same years in the statements of imports from Canada published by the Bureau of Statistics at Washington. As no attempt is made to distribute this allowance among the different classes of merchandise exported, this makes it all the more necessary to employ the United States Statements of Imports from Canada, in order to obtain a correct return and classification of the exports from Canada to that country. In the United States, under the customs regulations in force there, exporters are only required to report at custom houses such merchandise as is exported by water; and as a very large proportion of the exports to Canada is shipped by rail, the result is that the United States reports of exports to Canada are of little or no statistical value whatever. On this point, Mr. S. G. Brock, chief of the Bureau of Statistics at Washington, writes as follows: (see page 262 in quarterly report No. 1, 1891-92, for the three months ending September 30th, 1891):—"Our statistics of the exports to Canada, as in case of Mexico (see remarks on page 111), are very defective, owing to the absence of law providing for the collection of statistics of exports by railways. We are therefore obliged, for the period since railway communication was established between this country and Canada, to make use of the official Canadian Statistics of Imports from the United States, in order to approximately show the true condition of our export trade to that country.

In preparing the following memoranda and accompanying tables on the commerce for the two fiscal years ending June 30th, 1890 and 1891, the exports of each of the countries are based upon the Government import tables of the other

country.

There can be no doubt but that the defectiveness of the United States system of collecting returns of exports has led to much misapprehension with respect to the extent and value of its commerce with Canada. In the Annual Reports and Statistical Abstracts published by the Bureau of Statistics at Washington, the statements and comparisons are based on the defective system. The

corrected returns, such as those alluded to by Mr. Brock, are only to be found in some of the appendices to Quarterly Reports. In almost every instance, politicians, or writers for the press, looking for statistics, will rely entirely upon the Annual Reports or Statistical Abstracts for their information; very few will ever know or hear of the corrections found in these appendices. In evidence of the very misleading tendency or character of the returns based on the defective system alluded to, the following figures are presented:—

In the Statistical Abstract for 1891, prepared by the Bureau of Statistics at Washington (see page 77), the value of the merchandise exported from the United States to the Dominion of Canada and other British North American

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possessions (this includes Newfoundland) is stated:

It is only fair to state that the following foot note to the table is appended:
"In the absence of law providing for the collection of statistics of exports to adjacent foreign territories over railways, the data of exports here given are very incomplete and largely understated."

This is very well so far, but no indication is given of the extent of the defi-

ciency, or as to where the corrected report is to be found.

In the Quarterly Report of same Bureau, already alluded to (No. 1, 1891-92), page 299, the total value of the imports of merchandise into Canada alone from the United States, as exhibited by the Canadian Trade and Navigation Returns, is shown to have been:

For the year ending June 30, 1890	\$60,449,366 58,044,081
For two years\$ As compared with U. S. returns of exports to all	118,493,447
B. N. A.	81,347,567
Showing deficiency under U.S. defective system	27 145 880

Allowing for exports to Newfoundland included in Statistical Abstract report, the United States returns of exports for these two years were short about \$40,000,000.

THE BALANCE OF TRADE.

One of the most important points to determine, in discussing the commerce between the two countries, is as to which of them is the larger purchaser of

merchandise from the other.

On referring to the Quarterly Report of the Bureau of Statistics at Washington, already alluded to, being No. 1, 1891-92 (see page 299), the value of the merchandise imported from the United States into the Dominion of Canada, during the two years 1889-90 and 1890-91, was:

As given above......\$118,493,447
The value of the merchandise imported into the United

States from the Dominion of Canada (see page 271 of same Report), was,

For the year ending June 30, 1890....\$39,042,977

Balance of trade in favor of the United
States for these two years...... \$40,362,688

Reference has been made above to the misleading character of United States Annual Reports, as to the extent of the commerce with Canada. Table "A,"

appended hereto, clearly shows that these reports are equally misleading on the question of the balance of trade. The Annual Reports and Statistical Abstracts of the Bureau at Washington show that during the last ten years the net balance of trade was in favor of Canada to the amount of \$9,900,123. The later Quarterly Return of the same Bureau, No. 1, 1891-92, which furnishes the corrected return of United States exports for these ten years, as exhibited by the Canadian returns of imports, shows that the balance of trade for these years was really \$78,514,521 in favor of the United States; thus establishing a deficiency in United States returns of exports, \$88,414,644. Nor is this all; the imports into the United States as given in this Quarterly Report include all imports, whether entered for consumption or not; whereas the imports into Canada only include merchandise actually entered for consumption. By referring to table "A," it will be seen that the Washington Bureau, in its Quarterly Report No. 1, 1891-92, makes the excess of imports into Canada from the United States over its exports to the United States, for the two years ending June 30, 1890 and 1891, \$27,846,871 (see page 263). In the same Quarterly Report, Statement No. 69 gives the total imports into Canada from the United States, whether taken for consumption or not; and the immediately preceding Statement No 68 shows the total imports into the United States, whether taken for consumption or not. These two statements show that the correct balance of trade for these two yeas was, as already shown, \$40,-362,688 in favor of the United States, instead of \$27,846,871, as appears on page 263 of the Quarterly Report referred to. By making reasonable allowance for the imports into Canada not included with those entered for consumption, during the other eight years embraced in table "A," it may be fairly assumed that the balance of trade in favor of the United States, for the ten years 1881-82 to 1890-91 inclusive, was somewhat over \$125,000,000.

The imports and exports in table "A," taken from the Statistical Abstract, include Newfoundland and Labrador. These do not materially affect the question of balance of trade. The Quarterly Report No. 1, 1891-92, above referred to, see pages 238, 239, shows that the total exports to these points from the United States, during the year ending June 30th, 1890, were \$1,221,704, and the imports

into the United States were \$354,003.)

CHARACTER OF THE COMMERCE.

The value of the export trade from either country to the other is not determined by extent alone, but is largely affected by the considerations as to whether these exports can be marketed in the importing country to better advantage or at better prices than in any other foreign market, and whether the demand from the importing country really adds to the production and gives additional employment to the capital and labor of the exporting country. The additional sale to Canada of a few million dollars worth of cotton, tobacco, Indian corn and like products, would be of very little advantage to the United States, because such sales would not be of sufficient volume to improve prices, and these commodities could be sold elsewhere on as favorable terms. On the other hand, additional sales of coal, fruit, manufactures, etc, would be of direct advantage, because they give rise to increased production in these articles, which increase would not have occurred except through the demand in Canada.

The commerce between the United States and Canada may be classified as follows:

1. Produce of the field, the forest, the mines and the fisheries; or raw products generally.

Manufactured goods.

 Foreign merchandise, for which either country is the carrier or distributor for the other.

 Articles not strictly merchandise; settlers' effects, coin and bullion, articles returned.

The tables B, C, D and E, hereto appended, are Abstracts of the Imports and Exports into and from each country to the other, during the two years

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ending June 30, 1890 and 1891; showing the values of each class of merchandise, and the proportions thereof imported into either country, free of duty, or subject to duty. The classification of imports is made from detailed statements of every import which appears in the returns of the Bureau of Statistics at Washington and the Trade and Navigation Returns for the Dominion of Canada. The export returns of both Governments are discarded; the official returns of imports into the one country correctly exhibiting the exports from the other. The official classification of the merchandise has also been discarded; every article has been entered under the heading to which it appears to properly belong. There may be a few trifling errors in discriminating between foreign and domestic merchandise imported, but these are very insignificant. In the following comparison, foreign merchandise, settlers' effects, coin and bullion, and articles returned, are left out of consideration, the object being to ascertain how much of the native productions and manufactures of either country is purchased by the other, and what proportion is in raw products or in manufactured goods.

RAW PRODUCTS.

KAW PRODUCTS.	
Tables B and C show that the value of the products of the farm and field, the forest, the mines and the fisheries, imported into the United States from Canada during the two fiscal years 1889-90 and 1890-91, was	\$67,039, 165 .
Making the value of Canadian raw products imported for actual consumption Tables D and E show that the value of the like raw products of United States production imported into Canada during these two years, all of which was entered for consumption, was	\$58,039,165. 52,296,824
Balance of trade in favor of Canada in raw products	\$5,742,341
Manufactured Goods.	45// 4-/54-
Tables B and C show that the value of manufactured goods im-	
ported into the United States from Canada, during these two years, was. Tables B and C show that the Value of manufactured goods imported into Canada from the United States during these two years, was.	1,343, 311 43,438,217
Balance of trade in favor of United States, in manufactured goods	\$42,094,906
The above figures show that in the exchange of merchandise of native production or manufacture, the balance of trade for these two years was in favor of the United States	\$36,352,565
There is a wide misapprehension as to the value of Canadian products which are taken for consumption in the United States. This is a set taken from the Quarterly Report of the Bureau of Statist	he following

ington (No. 1, 1891-92):

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ports into the United States from the Dominion of Canada ng the year ending June 30, 1891	1
on of above not entered for consumption \$4,008,380 through exterior ports without appraisement 449,509 the growth, produce and manufacture of the U.	A
old and personal effects of settlers and of U. Settlers and O. Settlers a	F
7.047,225	
Total merchandise entered for consumption \$32.041,174	
DESCRIPTION OF MERCHANDISE.	
merchandise \$ 1,200.000	F
and lumber and other woods " 13,400,000	1
, etc " 3,000,000	F
es, etc	
tured goods " 1,000,000	Ŋ
dise other than agricultural products " 21,600,000	Ņ
n, entered for consumption	C
for agricultural products taken for consumption \$12,441,174	I
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eprincipal articles were: Horses about \$1,600,000 (of which over \$500.000 the improvement of stock); sheep and lambs, about \$1,100,000; eggs,	
the improvement of stock), sheep and lamos, about \$1,100,000, eggs,	
1,200,000; hides and skins, including fur skins, about \$900,000; barley, 3,200,000; hay, about \$450,000; beans and peas, about \$900,000; pota-	
out \$1,750,000.	ŧ
contra, the agricultural products imported into Canada from the United	•
ill of which were entered for consumption, amounted to \$15,426,273. The	S
l articles were, hides, skins and wool, about \$2,400,000; horses, cattle,	p
ogs and animal products, about \$2,700,000; Indian corn and meal, wheat	S
ir, about \$2,200,000; tobacco, about \$1,500,000; raw cotton, about	a
oo; hemp, fruit, field and garden seeds, nursery stock, broom corn, es, etc., about \$3,000,000. ing this year, the agricultural imports from Canada into the United States,	\$
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which was in operation during most of the year. On the other	T.
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MANUFACTURED GOODS.

It is in this class of goods that the United States obtains great advantage from its commerce with Canada, its exports to that country for the two years under consideration being about \$42,000,000 in excess of its imports of similar goods from Canada. The exports of manufactured merchandise to Canada form about one-seventh part of the entire exports of this class of goods from the United States to all foreign countries. Table F shows the classification of the different kinds of manufactured goods, and the proportion admitted into Canada, free of duty or dutiable. It will be noted that they are nearly all of a highly finished character. Of the following classes of manufactured goods, Canada purchases from the United States a larger value than it does from Great Britain: Metal manufactures and hardware generally; leather, gutta percha and india rubber goods; books and stationery and wall paper; drugs, dyes and chemicals; glassware; miscellaneous and fancy wares other than dry goods. It may also be observed that by far the largest proportion of these manufactured goods consists of articles which are highly, many of them very highly, protected by heavy customs duties in the United States. It is not the intention here to enter upon an argument for or against protection, but this fact deserves attention from those who hold the theory that protection adds to the cost to the consumer the amount of the duty levied on imports. As opposed to this theory, there is the unquestionable fact that Canadians find several articles, which are protected in the United States by duties from even 45 per cent. and upwards, selling in the American market as cheaply as in free trade England.

RELATIVE LIBERALITY OF THE TWO CUSTOMS TARIFFS IN THE UNITED STATES AND CANADA.

In this respect again, Canada suffers by the method in which the comparison is made; in its case the percentage is calculated on the amount entered for consumption; in the case of the United States on its gross imports.

The total imports into Canada from the United States, in the last

From which it is seen that the proportion of imports admitted into Canada, free of duty, is 4c per cent. larger than the proportion admitted into the United

States on same terms.

Owing to the different classification or nomenclature of many articles under the two teriffs, and the imposition of specific in place of ad valorem duties in several instances, it is difficult even approximately to arrive at a just comparison. It can be clearly shown, however, from official authority, that even prior to the McKinley tariff, the customs duties in the United States were much higher than in Canada. In a report published by Mr. Wm. F. Switzer, then Chief of the Bureau of Statistics at Washington, dated May 31s., 1888, table No. 29 therein gives a detailed statement of the merchandise imported into Canada from the United States, during the year 1886-87, showing the quantities and values, and the rates and amounts of duty levied under the Canadian tariff; also, the rates and amounts of duty which would have been levied on like merchandise under the United States tariff, if imported from Canada. He shows:

Total value of the imports into Canada, and entered for consun	aption \$44,802,732
Of which there was admitted, free of duty	14,224,400
" " subject to duty	30,578,332
The total amount of duty levied in Canada	7,265,136
The amount of duty which would have been levied on same go	
United States	
The average rate of duty on all imports from the United State	es, per
cent	16.22
The average rate of duty on same imports into the United	
would have been, per cent	
•	•
Excessive as the United States tariff rates of data were in	n comparison with

Excessive as the United States tariff rates of duty were in comparison with those in Canada previous to the McKinley Bill, a present comparison would prove infinitely greater illiberality towards Canadian commerce.

IN-TRANSIT TRADE.

In addition to the commerce referred to in preceding observations and included in the annexed tables, there is a very extensive transportation trade in the products and merchandise of both countries, and of foreign countries, not included in the Import and Export Returns of either country.

The Quarterly Report, No. 1, 1891-92, of the Bureau of Statistics at Wash-

ington, furnishes the following statement (see page 300):

No. 70. Statement showing the values of foreign merchandise brought into the United States from the Dominion of Canada for immediate transit or transshipment to other foreign countries, and of merchandise brought into the United States from all foreign countries for like shipment to the Dominion of Canada, together with the routes by which such merchandise was shipped, during the year ending June 30th, 1891.

INLAND TRANSPORTATION.

Canada has incurred an enormous debt under the large Government expenditure on its canals and railway system. No doubt this debt was incurred primarily and perhaps exclusively with the design of promoting its own prosperity. Yet there can be no doubt that these public works have indirectly benefited the Western States to a greater extent than they have benefited Canada. No one can dispute the fact that the operation of these important transportation routes has greatly aided in the reduction of the cost of transportation to and from the West and the seaboard. Every cent of reduction so created has just added so much to the value of all the produce of the West, and consequently to the value of every acre under cultivation. It is not only true that a much larger quantity and value of Western States produce have been transported over Dominion canals and railways than there have been of Canadian produce; but as the aggregate production and acreage in the former largely exceed those of the latter, it must be equally true that, in like proportion, the excess of advantage derived from the reduction in cost of transportation has been in favor of the former. The American farmers and produce dealers have had the use of these canals and railways on equal terms with the Canadian farmer and dealer, without having to contribute one dollar towards the cost of their construction or the interest upon the amount expended. In fact, it is a cause of frequent complaint throughout Canada, that the Government-aided railways are almost always exacting higher rates for transportation of Canadian produce than they obtain from American producers and shippers for similar service. Considering the real position of Canadian railways and canals in respect of the in-transit trade and inland transportation service, the attitude of many of the politicians and of a large portion of the United States press is unaccountable. From a business point of view, the large Dominion Gov-

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under ties in arison. to the r than of the herein om the ss, and e rates ler the ernment expenditures on these works, which have proved of so much advantage to the Western States, might be expected to have produced a spirit of liberality in the commercial policy of the American Government and Congress towards Canada; but, on the contrary, they are generally treated as a cause of offence. United States politicians appear to be more solicitous about the interests of the few big American railway and transportation companies than they are about the interests of the millions of producers and consumers who are benefited by competition in freights.

PROPORTION WHICH THE COMMERCE OF CANADA WITH THE UNITED STATES BEARS TO THE WHOLE FOREIGN COMMERCE OF CANADA.

Table G, hereto annexed, shows the value of the merchandise imported into and exported from the Dominion of Canada for ten years, from and into Great Britain, the United States and all countries. The imports taken for consumption from the United States form 45 per cent. of the whole imports, the exports

to the United States form 43½ per cent. of the whole imports.

The average rate of duty levied on imports from the United States was 15 per cent., as compared with 20.25 per cent, average rate on imports from Great Britain, and 20.08 per cent. on all imports. It is not to be inferred from this that under the Canadian tariff any discrimination was intended or really exists in favor of the United States. The same apparent discrimination was found in the operation of the United States tariff towards Canada. On this point, Mr. Wm. F. Switzler, at that time Chief of the Bureau of Statistics at Washington, in a report dated May 31, 1888, wrote:—"The average ad valorem rate of duty collected in the United States on dutiable merchandise imported from all countries was 47.11 per cent.; on imports from the Dominion only, 21.00 per cent. This difference is found in the following classes of merchandise constituting the bulk of the dutiable imports from Canada" (animals, barley, coal, fish, provisions, lumber, etc.). Mr. Switzler evidently reported in this way in order to remove any wrong impression which other foreign countries might entertain concerning the apparent low average rate of duties on Canadian imports. same explanation will serve as to apparently low average rate of duties in Canada on imports from the United States.

THE MCKINLEY TARIFF.

The official reports of the United States Government up to the time of the

passage of this bill established the following facts:

That the commerce between the United States and Canada was very important in its extent; had been increasing nearly every year; and was capable of being rapidly and largely increased under a liberal and equitable policy;

That the balance of trade during the ten immediately preceding years had

been immensely in favor of the United States;

That the interchange of raw products was slightly in favor of Canada; but this small balance of advantage was covered four or five times over by the large purchases by Canada of United States manufactures;

That the proportion of the imports admitted into Canada, free of duty, was much larger than the proportion admitted into the United States from Canada,

on same terms:

That the average rate of duties levied in Canada on imports from the United States was much lower than the average rate levied in the United States on

imports from Canada.

In every respect, Canada had adopted towards the United States as liberal a commercial policy as its financial and political position would admit of. Frequent attempts have been made by its Government to come to some under-standing with the Administration at Washington, whereby the commerce between the two countries could be established on a liberal basis of a permanent character. In view of all the above considerations, Canada had every reason to expect that under any general re-adjustment of the United States tariff, the average rates on

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Canadian products would be reduced at any rate to the level of the average rates in Canada on United States products. The reverse policy was adopted under the McKinley tariff. Excessive, and in many cases, prohibitory, duties were imposed on all the products for which Canada at that time found its best market in the United States, viz., horses, barley, eggs, beans, hay, potatoes, etc. The relative osition of the inter-commerce and sound business principles all pointed to a liberal policy; why, then, was the opposite course taken? The only explanation which the writer could obtain from numerous enquiries among prominent business and newspaper men in New York, was: That the real position of the trade between the two countries was not fully submitted to or discussed in Congress; that the clauses of the Bill affecting agricultural and other products were not specially directed against Canada, but were in accordance with the general principle that heavy protective duties should be levied upon all articles of produce or manufacture which could possibly be produced in the United States; that no danger of retaliation was to be apprehended from Canada, because, according to the representations of the Toronto Globs and Mail and other newspapers, and of many prominent politicians in the Dominion, the prosperity of Canada was so entirely dependent upon the United States market, that Canadians were utterly unable to retaliate or to resent any action which Congress might take. Mr. Erastus Wiman of New York was reported as the only prominent character who strongly remonstrated against and opposed the policy pursued towards Canada, which he considered equally unwise and impolitic.

Admitting that ultra-protection was the basis of the McKinley tariff, the object being to extend the field for labor in the United States, how is this object to be accomplished by shutting out part of the forty millions of merchandise imported from Canada, if Canada, adopting the same principle of action. should take similar steps for shutting out a like proportion of the sixty millions of merchandise imported from the United States? If the object was to exclude Canadian barley, it has succeeded; but at sorrowful expense to eastern maltsters and brewers, whose property has been terribly depreciated in value. In shutting out Canadian barley it was hoped that the production in New York State would be stimulated, and that prices would be improved, but on the contrary there has been decreased production and lower prices. If the object was to shut out Canadian horses, it has partially succeeded, but it has not added one dollar to the value of American horses, the general run of which are now being imported into the Canadian Northwest at lower prices than they can be procured from the Province of Ontario. What greater absurdity could be advanced than the pretension that the exclusion of a few thousand Canadian horses could add to the value of over fourteen million horses reported as owned in the United States in 1890? If the object was to exclude Canadian hay, this, too, has been accomplished; but how could this affect the value of the crop of the United States, amounting to over \$400,000,000? If the object was to shut out Canadian potatoes, it has succeeded, but how can it be shown that this course could improve the value of the 200 million bushel crop of the United States? same question may be asked as to the exclusion of Canadian cattle, sheep, eggs, etc. The McKinley tariff imposes heavy taxes upon Canadian products, but is a delusion in its pretence to afford protection or increase the value of United States produce.

RECIPROCITY.

In connection with the McKinley Bill, resolutions were adopted by Congress authorizing the President to enter into treaties of reciprocity with American countries south of the United States, and with other countries, establishing the system of mutually preferential duties. The avowed objects sought to be accomplished by these treaties, especially with the countries south of the United States, were

To reduce the large balances of trade now existing against the United States, To increase the demand for agricultural and other products, To enlarge existing and to create new markets, by means of preferential duties, for the manufactures of the United States.

For some unaccountable, or at any rate unintelligible reason, the Dominion of Canada was excluded from the operation of this reciprocity policy; although, as can be clearly shown, a reciprocity treaty with Canada would certainly accomplish the above objects more fully than any treaty which could be made with any First, as to balance of trade; as has been already shown, this other country. now is and for years has been largely in favor of the United States. A fair analysis of the commerce and its character must lead to the conclusion that its extension would increase the balance. Compare this condition with that found in the trade returns for the countries south. On this point, Mr. Brock, Chief of the Bureau of Statistics at Washington, in his Quarterly Report, No. 1, 1891-92 (see page 108), writes, concerning year ending June 30, 1891:—"Our total trade exports and imports, with all the American countries south of the United States, amounted to \$332,926,093; of which the imports were \$242,512,577, and the exports were \$90,413,516. The imports represent 72.84 per cent., and the exports ports were \$90,413,516. The imports represent 72.84 per cent., and the exports 27.16 per cent. of the total trade. In other words, the United States buys \$2.66 worth of merchandise from those countries to every dollar of merchandise sold to them by the United States." Next, as to increased demand for agricultural products, this object is equally attainable in the case of Canada as in these countries, probably more so, because the United States exports to Canada consist in part of such products as fruits, garden and field seeds, nursery and orchard stock, coal, etc., for which the Dominion is the best and in some cases the only foreign customer. The large proportion of articles of domestic production which the United States can expect to furnish to these southern countries consists of flour and meal, provisions, fish, some kinds of lumber, shingles, etc. The total quantities of these products exported will always be too small to increase prices realized by producers. Some increase of trade will result, and the world's consumption may be slightly increased through the reduction of prices arising from the lower duties in these countries; and to this extent some benefit may accrue to the United States. But, even if by means of preferential duties, the United States should secure the whole import trade of these countries, this could not increase prices, because it is inconceivable that; under any circumstances, all these countries would ever absorb the entire supply of the United States, and the prices of the whole will be determined by the value of the remainder left.

How much would it profit the United States to increase its exports of flour and provisions to the West Indies, if it thereby curtails its exports to other foreign countries?

Next, as to creating new and enlarging existing markets for manufactures wherein do these southern countries promise better results than could be achieved in Canada under the same policy? The Quarterly Report of the Bureau of Statistics at Washington, No. 1, 1891-92, gives the following comparisons:

Value of merchandise imported into the United States from all American countries south thereof, during the year ending June 30, 1891.....

\$242,512,577

Value of merchandise, manufactured, exported to above:

Agricultural implements\$	
Cotton manufactures	
Iron and steel and manufactures of	
Refined mineral oils	3,422,840
Forsehold furniture	1,075,300
manufactures of wood	752,732

24.602.832

The exports of manufactured goods to these countries being in the proportion of 10 per cent to the merchandise imported from them; whereas, in the case of

Canada, the exports of manufactured goods to Canada during the same year were equal to 56 per cent. of the whole of the imports into the United States from the Dominion.

All these facts and comparisons are taken from the official returns of their own Bureau, and it may be assumed that they were duly considered and discussed, when Canada was expressly excluded from the operations of the reciprocity resolutions. It may also be assumed that Congress believes in the correctness of the principle that the preservation and extension pro tanto of an existing commerce are quite as valuable and deserving of consideration as the probable creation of a new commerce of like extent. Why, then, was Canada exempted from the general policy? The action of Congress and the later action of the United States Administration in rejecting the overtures for reciprocity submitted by the Canadian Government, cannot be accounted for on the flimsy but plausible pretext or argument that the policy proposed by the latter was a jug-handled, one-sided policy, unfair to the United States, because there was a market there of over 60 million people, while in Canada there is only about five millions of population. What has population to do with the question? The real question is which of the two countries is possessed of the greater quantity and value of articles which the other country requires. The character of the commerce for the last 10 years decides this question beyond the reach of argument. Nor is it conceivable that even with free trade in raw products the imports from Canada would be at all likely to increase to an extent sufficient to cover the large balance in favor of the United States, in manufactured goods. It must have been observed how carefully the politicians in Congress and the members of the Administration at Washington have refrained from furnishing any figures in support of the pretension of the one-sided character of reciprocity with Canada. Why should they? They can quote usands of anti-Canadian, unpatriotic statements and admissions dian press and politicians as justifying them in their pretensions. In Canada the question of reciprocity is considered one of the most, if not the most, important public questions of the day. In the United States very little interest is felt on the subject, and very few have given much attention or study to the merits of the question. Nearly all the information they have gained is from extracts from Canadian newspapers and speeches of Canadian politicians. What has been done in Canada to remove the indifference, and, in some cases, the hostility manifested in the United States on this question? The Americans complain of the general lack of sincerity evinced by Canadian politicians and the press on this subject. They have found both parties trading upon the honest desire of the people for reciprocity. One party, with no worthier object than to render a fair reciprocity treaty incapable of accomplishment by its opponents, studiously refrained from all mention of the advantages which would result to the United States from such a policy, and constantly persisted in attempts to persuade the Canadian people that the advantages in their favor were so one-sided and important, and so absolutely necessary to relieve the Dominion from the great agricultural and commercial depression which they alleged to be everywhere prevailing, that Canada should cheerfully assent to any terms or conditions which the United States might demand. They wilfully misled the American press and people, as they knew well from the representations and remonstrances of many of their own supporters that they would never consent to the terms and conditions proposed. What would be thought of any business firm or corporation, which, being desirous of effecting an important agreement, should inform the other party that the arrangement contemplated was of such vital necessity to the proposer that he was willing to accede to any price or terms demanded? The other or the Government party, not to be outdone in profession of zeal in favor of the popular desire for reciprocity, appealed to the electorate on this very profession. Fortunately for them, but unfortunately for the cause of reciprocity, the position of their opponents was so untenable, that all that was necessary for them to do was to expose the impracticable and impolitic character of their opponents' policy, and in very vague and general terms pledge themselves to

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ion of carract efforts to effect a fair and advantageous treaty of reciprocity. It might have been expected that the conduct of the discussion by the Government party would be such as should commend itself to the intelligence of the electors by a carefully prepared statement of such facts connected with the commerce between the two countries as would justify the expectation that the propositions which they were about to make to the United States Government would be accepted. Little of this kind of argument was employed, but too much of silly dissertations on loyalty and untimely criticism of American institutions; by which means, the support and co-operation of many Americans, who fully appreciate the value of the Canadian trade, were alienated, and the existing hostility in many quarters was aggravated. It was certainly unwise, as it was unnecessary, to introduce such irrelevant matter into the discussion of a purely commercial question.

such irrelevant matter into the discussion of a purely commercial question.

The result of the general election and of the subsequent by-elections in Canada must have convinced the politicians of the United States that the people of the Dominion will have nothing to do with Commercial Union or Unrestricted Reciprocity. Their financial position will not admit of any serious reduction of their customs revenue. The late abolition of duties upon refining sugars effected a large reduction. The further reduction which would result from a reciprocity treaty with the United States in raw products alone, would tax the skill of the Finance Minister to meet. Any treaty which would involve Canada in a policy of discrimination against Great Britain or any foreign country which admits Canadian products on favorable terms, cannot be entertained. Any arrangement between Canada and the United States must have some permanency about it, in order to prove of much advantage to either. If it is to be in the shape of a treaty, it must be on the lines of the old treaty, with such modifications as the changed conditions render necessary.

No specific statement of the propositions submitted by the Canadian Government to the Administration at Washington has been submitted to Parliament or to the press, nor have any of the documents containing the grounds on which these propositions have been urged, been published. The general impression is that the propositions cover:—Free trade between the two countries in the raw products of the farm, the forest, the mines, and the fisheries, together with such specified manufactures as may be agreed upon; free access to and enjoyment of the fisheries by the subjects of both countries on equal terms; all the inland rivers, lakes and canals to be open to the trade of both countries, on conditions common to both; the coasting and wrecking trade to be also open to both countries on equal terms; and all merchandise, the produce and manufacture of either country, not included under the free trade articles of the treaty, to be admitted into the other country on as favorable terms as the like goods are admitted

from any other foreign country.

It may be asked why Canada is so generally in favor of a reciprocity treaty which it believes will be of as much or greater advantage to the United States than to itself. The reasons are many, both commercial and political. Owing to differences in soil and climate, there are many kinds of produce which can be raised to greater advantage in the one country than in the other, and under free trade some changes in the productions might be profitably made in several sections in both countries; owing also to the comparatively earlier or later seasons in the two countries, many articles common to both countries could be advantageously interchanged in the respective seasons, such as calves, lambs, fruits, vegetables, etc.; owing further to the fact that several sections in either country, which produce a surplus of certain products, are in close proximity to and have quick and cheap connection with sections of the other country which have a deficient supply of these products, it is evident that a tree interchange must prove to mutual advantage. Another commercial argument in favor of free trade between the two countries is found in the experiece of exporters of produce, who often find it advisable and cheaper to have their grain, provisions, etc., transported to the seaboard through the other country. They would then be relieved from the vexatious trouble and frequent delays incident to the present bonding

system, both at frontier and seaboard ports. The political advantages which would result from proposed treaty are, the removal during the term of the treaty The political advantages which of all the petty but irritating disputes which are so frequently cropping up with respect to the fisheries, canals, transportation and in-transit trade questions.

Canadians believe that, aside from the valuable privileges as to fisheries and canals which they offer to convey, the advantages of a reciprocity treaty to the United States are fully equal if not superior to those which Canada would derive; and that in the matter of fisheries and canals, the United States has no such equivalent to offer. It may have been that the propositions submitted by the Canadian Government to the Administration at Washington were subject to some reservations which were considered unacceptable; or they may have been submitted in such a manner as to convey an impression of such indifference as to their acceptance that the Administration at Washington may have felt justified in believing that further negotiations would not lead to any satisfactory result. If it should appear that the failure of these negotiations has been owing to any unwarranted limitations or reservations on the part of the Canadian representatives, or to any lack of care and ability in preparing the case upon which their propositions for reciprocity were founded, great dissatisfaction in Canada will result. The public sentiment was very correctly expressed by Principal Grant, of Kingston, in a recent address to the New England Chautauqua Society in the following language:-" No political party could exist for a day in Canada that was opposed to the extension of trade relations with the United States, as far as they can be extended without our coming under obligations that would endanger

our fiscal independence or political life '

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The reply of the Administration in Washington to the proposition of the Canadian Government, was, as reported by the Canadian press, to this effect:-That a reciprocity treaty confined to raw products would not be considered at all, because it would be a one-sided arrangement in favor of Canada; and that any reciprocity treaty which might be favorably considered by the people of the United States must include manufactured goods, and a joint discriminating tariff as against Great Britain and other foreign countries. contention as to the one-sided character of a reciprocity treaty in raw products has been fully discussed and exposed; the adoption of free trade in manufactured goods has been shown to be impracticable in the financial position of Canada. Discrimination against Great Britain is impossible under the present colonial connection, besides being utterly repugnant to the sentiment of the people; neither could such discrimination be justly adopted against any other foreign country which admits Canadian products on favorable terms. Apart altogether from the political aspect of the question, the discrimination called for is somanifestly unfair and unjust, that such a demand would never have suggested itself to the United States Government except through the ridiculous propositions of Canadian newspapers and politicians. The official statistics of their own Bureau at Washington show that, leaving out lumber, fish, coal, and such articles as the United States must procure from Canada, their other imports only amount to about \$10,000,000 to \$12,000,000 In order to obtain free trade in articles of this value, Canada is asked to discriminate against Great Britain and foreign countries from which it now imports (see Table G) merchandise of a value exceeding \$60,000,000, all of which it is now importing on better terms than the same can now be procured for in the United States. Canada is asked not only to surrender a very large proportion of the customs revenue now derived from these imports, but to place itself in a position to be compelled to purchase from the United States the goods proposed to be excluded, at such prices as American manufacturers may choose to ask. Surely no such ridiculous proposition has ever been subitted by the Government of any other country to another Government.

IF NOT RECIPROCITY, WHAT THEN?

Canada cannot consent to remain much longer under the one-sided tarift policy now existing; receiving on her part the produce and merchandise of the United States on liberal and favorable terms, while practically excluded from the American markets in the only articles which might be advantageously sold there. Unless the excessive duties imposed by the McKinley tariff on Canadian horses, cattle, sheep, barley, beans and peas, eggs, hay, potatoes, etc., are repealed, or reduced to fair and reasonable rates, Canada will be compelled, in vindication of its independent position and in its own general interests, to impose correspondingly high duties upon United States manufactures, etc; such duties as will attract to Canada more American capital and mechanics than the United States can make employment for by excluding a few million dollars worth of Canadian raw products. Far too much importance has been attached to the value of what is foolishly termed the "natural" market of sixty-five million people. Too little consideration has been given to the fact that the five million people of Canada are and have been buying much more extensively from the sixty-five millions than they have been selling to them. Steam and electricity have annihilated distance in commercial transactions. It is not the near-by or populous market, but the needy market which an exporting country requires. Canada would infinitely prefer that its commercial relations with the United States should be established on the most liberal basis possible; but if the United States persists in rejecting all reasonable propositions for reciprocity in trade, what can it expect other than a reciprocity in tariff?

APPENDIX.

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TABLE showing the balance of trade in favor of or against the United States, in its commerce with the Dominion of Canada, and other British North American possessions, in each of the fiscal years ending June 30th, 1882 to 1891; inclusive, as exhibited in the returns of the Bureau of Statistics at Washington in the Statistical Abstract for 1891 (see page 77), based upon United States Customs' Returns of Imports and Exports; compared with returns of the same Department in its Quarterly Report No. 1, 1891-92 (see page 263), on the commerce with the Dominion of Canada alone, the exports to Canada being based upon the Dominion Trade and Navigation Returns of Imports from the United States; these imports consisting exclusively of merchandise taken for immediate consumption in Canada.

_ # d	PER ST	PER STATISTICAL ABSTRACT FOR 1891.			PER QUARTERLY REPORT No. 1, 1891-1892.			Excess of
Year Ending June 30th	Imports into Unit'd States.	Exports fromUnit'd States.	Excess of Imports.	Excess of Exports.	Imports into Unit'd States.	Imports into Canada.	Excess of Imports into U.S.	into Canada.
	8	8		8	8		8	8
1882		38,569,822	12,543,653		50,775,481	47,052,935	3,722,646	
1883			************	1,839.377	44,294,158	55,147,243	*******	10,853,085
1884		46,411,450		7,395,610	38,399,835	49,785,888	***************************************	11,386,053
1885		40,124,907		3,164,366	36,695,485	45,576,410	*** *********	8,880,825
1886			2,711,317		37,304,036	42,818,651		5,514,615
1887			1,853,237		37,847,277	44,795,908	********	6,948,631
1888		37,245,119	5,839,004	********	42,924,554	46,440,296	************	3,515,742
1889		42,141,156	868,317	************	42,738,074	50,029,419		7,291,345
1890	39,396.980			2,106,832		52,291,973	**********	13,248,996
1891	40,434,535	39.843,755	590,780	***************************************	39,087,782	53,485,457	***********	14,597,875
********	413,267,765	403,367,442	24,406,308	14,506,185	409,109,959	487,624,480	3,722,646	82,237,167

Under the defective system of Customs Returns of Exports from the United States, the balance of trade for the above 10 years, according to Statistical Abstract, was, in favor of Canada.....

.... \$9,900,123

Under the corrected returns in Quarterly Report No. 1, 1891-92, the balance of trade is shown to have been in favor of the United States

78,514,521

Making the total deficiency in the Annual Reports \$88,414,644

TABLE "B."

A BSTRACT Statement showing the values of the different classes of merchandise imported into the United States from the Dominion of Canada, during the year ending June 30th, 1891.

Compiled from Statement No. 68 in the Quarterly Report, No. 1, 1891-92, issued by the Chief of the Bureau of Statistics in Washington. (Page 266.)

	FREE OF DUTY.	DUTIABLE.
Agricultural Products, (Animals and their products, including Provisions and Dairy)	\$2,566,072	\$ 2,807,753
Fruit, &c). Products of the Forest, (Lumber, Timber, Logs, &c.) do. do. Mine, (Coal, Ores, &c.)	315,951 2,622,048 463,802 1,276,307	7,712,255 10,573,759 2,772,731 1,892,483
Manufactured Goods	\$7,244,180 189,386 379,631 1,218,633 2,589,336	25,758,981 605,917 815,776 285,942
Add dutiable to free	\$11,621,166 27,466,616	827,466,616
Total Imports	\$39,087,782 4,008,380	
Net value of Imports entered for immediate consumption	835,079,402	

TABLE "C."

ABSTRACT Statement showing the values of the different classes of merchandise imported into the United States from the Dominion of Canada, during the year ending June 30, 1890.

Compiled from Statement No. 68 in the Quarterly Report, No. 1, 1891-92, issued by the Chief of the Bureau of Statistics in Washington, page 266.

The second secon	FREE OF DUTY.	DUTIABLE.
Agricultural Products, (Animals and their products, including Provisions and Dairy) Agricultural Products, (Grain, Meal, Flour, Seeds, Vegetables, Hay, Fruit, &c.) Products of the Forest, (Lumber, Timber, Logs, &c.) do. do. Mine, (Coal, Ores, &c.) do. do. Fisheries, (Fish, Pish Oll, &c.)	\$ 3,952,842 479,283 2,112,610 405,147 1,454,956	\$ 3,325,069 9,176,766 9,535,196 2,074,812 1,519,321
Total Raw Products Manufactured Goods foreign do. (Sugars, Teas, Chemicals, &c.) Miscellaneous and unenumerated articles Articles returned and personal effects of Settlers	\$ 8,404,838 12,179 258,169 1,148,160 2,195,884	\$25,631,160 535,825 690,634 165,660
Add Dutiable to Free	\$12,019,680 27,023,297	\$27,023,297
Total Imports Deduct, value of Merchandise entered for Warehouse, not for Consumption	\$39,042,977 6,626,821	
Net value of Imports entered for Immediate Consumption	832,416,156	

TABLE "D."

A BSTRACT Statement of the values of the different classes of merchandise imported into the Dominion of Canada, from the United States, during the year ending June 30, 1890, and entered for consumption.

Compiled from the Canada Trade and Navigation Returns for that year. See also Quarterly Report, No. 1, 1891-92 (Statement No. 69), issued by the Chief of the Bureau of Statistics in Washington, page 272.

	FREE OF DUTY.	DUTIABLE.
Agricultural Products, (Animals and their products, including Provisions and Dairy) Agricultural Products, (Cereals, Fruits, Cotton, Tobacco, Vegetables, &c.) Products of the Forest, (Lumber, Timber, &c.) do. do. Mine, (Coal, Ores, &c.)	\$ 3,265,397 6,352,569 1,090,261 4,726,910 43,601	\$ 2,392,132 3,416,175 216,975 3,674,624 452,455
Manufactured Goods Foreign do. (Sugar, Tea, Coffee, Fruits, &c.) Settlers' Effects. Coin and Bullion	\$15,478,738 2,852,854 989,404 1,469,268 926,312	\$10,152,361 18,652,890 1,770,146
Add Dutiable to Free	\$21,716,576 30,575,397	\$30,575,397
Total Imports, entered for Consumption	52,291,973	
The Quarterly Report of the Washington Bureau of Statistics, see page 299, shows that the gross imports of merchandise into the Dominion from the United States, exclusive of Coln and Bullion, amounted to	\$60,449,366 61,375,678	

TABLE "E."

A BSTRACT Statement showing the values of the different classes of merchandise imported into the Dominion of Canada from the United States, and entered for consumption, during the year ending June 30, 1891.

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392,132 416,175 216,975 674,624 452,455 152,361 652,890 770,146

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entered for consumption, during the year ending June 30, 1891.

Compiled from the Canada Trade and Navigation Returns for that year.

See also Statement No. 69 in the Quarterly Report, No. 1, 1891-92, issued by the Chief of the Bureau of Statistics in Washington (page 272).

	FREE OF DUTY.	DUTIABLE.
Agricultural Products, (Animals and their Products, including Provisions and Dairy) Agricultural Products, (Grain, Fruits, Cotton, Tobacco, Vegetables, Seeds, &c.) Products of the Forest, (Lumber, Timber, &c.)	\$ 3,508,292 5,968,618 1,734,276 5,324,369 50,837	\$ 1,570,908 3,459,534 122,458 4,498,665 427,768
Manufactured Goods	\$16,586,392 3,541,668 702,148 1,412,867 1,652,180	\$10,079,333 18,390,805 1,320,264
Add Dutiable to Free	\$23,895,255 29,790,402	\$29,790,402
Total Imports entered for Consumption	\$53,685,657 4,358,424	
Total Imports per Quarterly Return Washington Bureau of Statistics, see page 299	\$58,044,081 59,696,261	

TABLE "F."

STATEMENT showing the values of the different classes of manufactured goods imported into the Dominion of Canada from the United States during the two fiscal years ending June 30, 1890 and 1891; also, the proportions of same which were dutiable or free of duty.

		NG JUNE 30, 190.	YEAR ENDIN		
DESCRIPTION OF MERCHANDISE.	DUTIABLE.	FREE OF DUTY.	DUTIABLE.	FREE OF DUTY.	
Hardware, Metals and Manufactures there- from, Paints, Oils, &c Earthenware and Glassware. Dry Goods, Cottons. do. Woollens. do. Silks do. Flax, Hemp and Jute. do. Miscellaneous and Fancy. do. All kinds. Miscellaneous and Fancy, other than Dry Goods. Gutta Percha, India Rubber and Leather Goods. Books, Stationery, Wall Paper, &c. Drugs, Dyes and Chemicals Manufactured Grocerles, including Beer and Whiskey.	\$ 7,587,343 484,953 748,918 140,053 131,726 26,979 1,006,407 	\$ 1,396,754 	\$ 9,298,272 503,881 773,496 113,348 118,203 38,625 970,603 	\$ 1,575,82: 	
Add Free to Dutiable Goods	\$18,652,890 2,852,854	\$ 2,852,854	\$18,390,805 3,541,668	\$3,541,648	
Total for each yearAdd 1889-90 to 1890-91	921,505,744		\$21,932,473 \$1,505,744		
Total Imports for two years			943,438,217		

TABLE "G"

(From Canada Trade and Navigation Returns.)

STATEMENT of the value of merchandise imported into the Dominion of Canada, and the amounts of Customs duties collected thereon, on goods entered for consumption.

FISCAL YEAR		FROM GREA	T BRITAIN.	FROM UNITED STATES. FROM ALL COUNT		COUNTRIES.	
ENDING		Value.	Duty.	Value.	Duty.	Value.	Duty.
30th June,	1881 1882 1883 1884 1885 1886 1887 1889	43,583,808 50,597,341 52,052,465 43,418,015 41,406,777 40,601,199 44,962,233 39,298,721 42,317,389 43,390,241	8,772,950 10,011,811 9,897,785 8,001,371 7,617,249 7,817,357 9,318,920 8,972,740 9,450,243 9,576,966	36,704,112 48,289,052 56,032,333 50,492,826 47,151,201 44,858,039 45,107,066 48,481,848 50,537,440 52,291,973	\$,657,293 7,082,722 8,158,023 7,420,462 6,636,406 6,790,081 7,299,592 7,131,006 7,413,355 8,220,300	91,611,604 112,648,927 123,137,019 108,180,644 102,710,019 99,602,694 105,639,428 102,847,100 109,673,447 112,765,584	18,500,766 21,708,837 23,172,309 20,164,963 19,133,559 19,448,124 22,469,706 22,209,642 23,784,523 24,014,908
Total for 1	years	441,628,189	89,437,392	479,945,890	71,809,240	1,068,816,466	214,607,357
Av'rage rai	e of duty		20.25		15		20 08

STATEMENT of the value of merchandise exported from the Dominion of Canada.

FISCAL YEAR ENDING	To GREAT BRITAIN.	TO UNITED STATES.	ALL COUNTRIES
THE TANK BROING	Value.	Value.	Value.
30th June, 1881	45,274,461 47,145,217 43,736,227 41,877,705 41,572,629 44,571,846 40,084,984 38,105,126	\$36,866,225 47,940,711 41,666,723 38,840,540 39,752,734 36,576,759 37,660,199 42,572,065 43,522,404 40,522,810	898,290,823 102,137,203 98,085,804 91,406,496 89,238,361 85,221,314 89,515,811 90,203,000 89,189,167 96,749,149
Total for 10 years	444,263,459	405,925,180	930,067,128

ion of goods

Duty.

\$,500,786 ,708,837 ,172,309 ,164,963 ,133,559 ,448,124 ,469,706 ,209,642 ,784,523 ,014,908 ,607,357

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